

McCRORY STORES CORPORATION

Annual Report

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DIRECTORS AND OFFICERS

Directors

	RANDOLPH CATLIN	R. F. COPPEDGE
A. J. FINK	FRANK J. HUMPHREY, JR.	N. BAXTER JACKSON
ROBERT W. JAMESON	HARRY O. LATHAM	WILLIAM L. LESS
F. W. PAUL	LEONARD SPANGENBERG	EUGENE W. STETSON

Executive Committee

	ROBERT W. JAMESON, <i>Chairman</i>	
R. F. COPPEDGE	A. J. FINK	F. W. PAUL
EUGENE W. STETSON		LEONARD SPANGENBERG

Officers

R. F. COPPEDGE, *Chairman of the Board of Directors*

F. W. PAUL	<i>President</i>
G. C. CHAMBERS	<i>Vice President</i>
R. A. VROOM	<i>Vice President</i>
M. O. HILL	<i>Vice President</i>
L. C. SHOCKLEY	<i>Vice President</i>
T. C. LAWRENCE	<i>Financial Vice Pres. & Secretary-Treasurer</i>
H. H. BOSCH	<i>Comptroller</i>

General Counsel	Sullivan & Cromwell, New York, N. Y.
Auditors	S. D. Leidesdorf & Co., New York, N. Y.
Transfer Agent	Guaranty Trust Company of New York
Registrar	
Common Stock	Bankers Trust Company, New York, N. Y.
Preferred Stock	Chemical Bank & Trust Company, New York, N. Y.
General Office	1107 Broadway, New York, N. Y.

McCRORY STORES CORPORATION

Comparative Summary of 1952, 1951 and 1950

	1952	1951	1950
SALES	\$106,987,048	\$104,222,322	\$98,665,602
WAGES AND SALARIES (including payroll taxes and employee benefits)	19,407,841	18,363,555	17,381,588
FEDERAL TAXES ON INCOME	3,175,000	3,740,000	3,540,000
NET INCOME	3,327,757	4,089,481	5,265,179
CASH DIVIDENDS PAID ON:			
Preferred Stock	209,626	209,674	210,000
Common Stock	2,851,271	2,851,142	3,135,662
EARNINGS RETAINED IN COMPANY	266,860	1,028,665	1,919,517
NUMBER OF STOCKHOLDERS AT END OF YEAR	6,753	6,308	5,828
FIXED ASSETS:			
Real Estate, Furniture and Fixtures and Leasehold Improvements			
Additions—Net	2,348,715	3,898,986	2,844,561
Provision for Depreciation and Amortization	1,405,103	1,252,196	1,130,796
Maintenance and Repairs	600,398	578,929	489,541
EARNINGS PER SHARE OF COMMON STOCK	1.37	1.70	2.21½
NET WORTH PER SHARE OF COMMON STOCK	14.04	13.92	13.47

REPORT TO STOCKHOLDERS

February 11, 1953

TO THE STOCKHOLDERS:

During 1952 McCrory Stores Corporation continued to make progress in sales and number of stores in operation but due to increased expenses was unable to match the earnings record of the past two years. At the present time supermarkets, drugstores and other forms of retail outlets, operating on a self service basis, are offering many lines of merchandise that were formerly sold mainly in variety stores. The Corporation in its efforts to combat this type of selling opened several new stores in 1952 in suburban shopping areas in direct competition to the aforementioned type of store. In these stores there has been incorporated for study and experimentation, displays which tend to reduce selling expenses, but which are foreign to the conventional layout and merchandising methods that have long been identified with variety store selling. The results obtained in these test stores will help determine the future merchandising and display policies of the Corporation.

Sales for the year were \$106,987,048, as compared with \$104,222,322 in 1951, representing an increase of 2.7%.

Net profit amounted to \$3,327,757 after providing \$3,175,000 for Federal Income Taxes. The comparable net profit for 1951 was \$4,089,481. Net earnings amounted to \$1.37 per share of common stock after providing for dividends on the preferred stock. From the 1952 earnings common stockholders received dividends of \$1.25 per share and compared with \$1.25 per share in 1951.

McCRORY STORES CORPORATION

Capital expenditures during 1952 were spread over nine states and totaled \$2,348,715. Such expenditures exceeded the provision for depreciation and amortization by approximately \$1,000,000. The following tabulation of store development shows where the new, enlarged and remodeled stores were placed in operation during 1952. Construction at some of these locations started in 1951.

NEW STORES

Arlington, Va.	Kissimmee, Fla.	St. Petersburg, Fla.
Clifton, N. J.	Lexington, Ky.	Pottstown, Pa.
Hanover, Pa.	Memphis, Tenn.	

The new stores in Kissimmee, Fla., Pottstown, Pa., and Hanover, Pa., replaced former locations that did not lend themselves to the sales volume that seemed obtainable in the respective cities.

ENLARGED AND REMODELED STORES

Aiken, S. C.	Melbourne, Fla.	Baltimore, Md.
Grafton, W. Va.	New Martinsville, W. Va.	Columbia, S. C.
Lake City, Fla.	Rahway, N. J.	Sarasota, Fla.

The installation of modern displays and rearrangement of the selling area at the enlarged and remodeled stores have substantially contributed toward the increased sales in these stores.

The planned capital expenditures for 1953 at this time are estimated at \$3,000,000 and will include the completion of two new stores, the relocation of three old stores and the enlargement of our store on the boardwalk at Atlantic City which is well along toward completion at this date. Included in the estimated expenditures for 1953 is the cost of transforming the former Loeser Department Store in downtown Brooklyn, N. Y., into a modern variety store. The store when completed will have in excess of a mile of counter display area, will be the Corporation's largest store unit and will replace the store presently occupied. Every effort is being made to have this store in operation for the 1953 fall season. The present store has been leased to a corporation that will make the location an integral part of its department store operation.

The increased store units and the expanding assortment of merchandise which is now being handled required additional working capital

REPORT TO STOCKHOLDERS

at our peak inventory period. Short term funds were obtained in the amount of \$2,000,000 during the fall season; these loans were paid at the end of the Christmas season. Net working capital at the year end amounted to \$13,825,266, a decrease of \$440,584 during 1952. The reduction in working capital is accounted for below.

CHANGES IN WORKING CAPITAL

	1952	1951
WORKING CAPITAL (at beginning of year)	<u>\$14,265,850</u>	<u>\$15,951,695</u>
DEDUCTIONS FROM WORKING CAPITAL:		
Cash dividends on Preferred and Common Stock	\$ 3,060,897	\$ 3,060,816
Capital Assets (expenditures for new and remodeled stores, etc. — Net)	2,348,715	3,898,986
Decrease in deferred charges, etc.	236,168	67,720
	<u>\$ 5,173,444</u>	<u>\$ 7,027,522</u>
ADDITIONS TO WORKING CAPITAL:		
Net Income	\$ 3,327,757	\$ 4,089,481
Amortization and depreciation	1,405,103	1,252,196
	<u>\$ 4,732,860</u>	<u>\$ 5,341,677</u>
NET DECREASE IN WORKING CAPITAL	<u>\$ 440,584</u>	<u>\$ 1,685,845</u>
WORKING CAPITAL (at end of year)	<u>\$13,825,266</u>	<u>\$14,265,850</u>

On behalf of the Board of Directors and management, we express our sincere appreciation to all employees, stockholders, customers and associates for their splendid cooperation which made possible the accomplishments of the past year.

— BY ORDER OF THE BOARD OF DIRECTORS

R. F. Coppedge

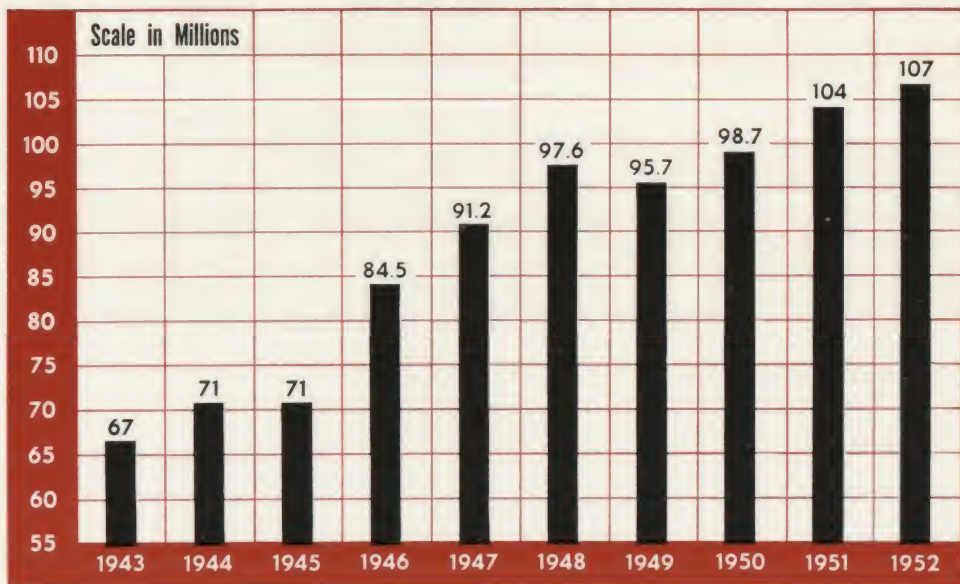
R. F. COPPEDGE, Chairman

F. W. Paul

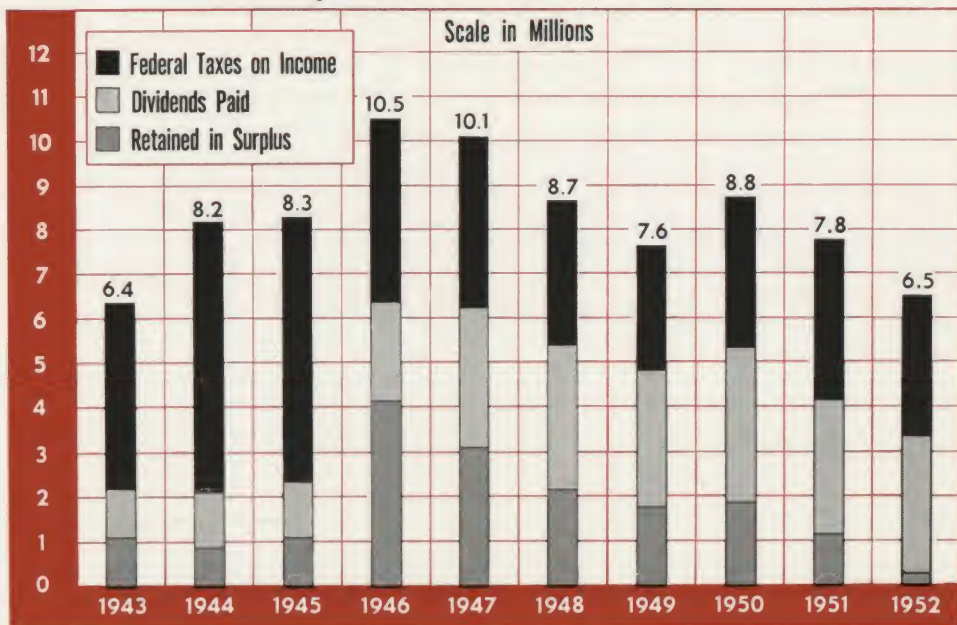
F. W. PAUL, President

SALES AND INCOME GRAPHS

Annual Sales



Disposition of Income



ACCOUNTANTS' REPORT

**TO THE BOARD OF DIRECTORS
McCRORY STORES CORPORATION
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1952 and the related statement of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation at December 31, 1952, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

Certified Public Accountants

New York, N. Y.
February 11, 1953

McCRORY STORES CORPORATION

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BALANCE SHEET as at D

ASSETS

CURRENT ASSETS:

	1952	1951
Cash on hand, in banks and in transit	\$ 7,500,934	\$ 8,777,776
Merchandise inventories—Note A	13,805,056	13,372,628
Miscellaneous accounts receivable, less reserve ..	36,036	743,624
Total Current Assets	<u>\$21,342,026</u>	<u>\$22,894,028</u>

FIXED ASSETS:

Real estate, at adjusted value December 31, 1936 and subsequent additions at cost	\$ 6,206,991	\$ 6,190,745
Furniture and fixtures, equipment and utensils, at cost	12,730,002	11,501,638
Improvements to leased property, at adjusted value January 1, 1936 and subsequent additions at cost	15,254,008	14,565,750
	34,191,001	32,258,133
Less: Reserves	10,924,184	9,871,605
Total Fixed Assets	<u>\$23,266,817</u>	<u>\$22,386,528</u>

DEFERRED CHARGES:

Prepaid rents, insurance, taxes, store supplies, etc.	\$ 924,249	\$ 1,097,094
	<u>\$45,533,092</u>	<u>\$46,377,650</u>

NOTES TO FINAN

Financial statements as at or for the year ended December 31, 1951 are included for comparative purposes only.

Note A—

Merchandise at stores:	1952	1951
Inventories at the lower of cost or market based upon the retail method of inventory valuation	\$10,888,692	\$10,858,782
Inventories at cost—restaurants	112,201	118,725
Merchandise at warehouses—at cost	714,467	852,201
Merchandise in transit—at cost	2,089,696	1,542,920
	<u>\$13,805,056</u>	<u>\$13,372,628</u>

Note B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation, in whole or in part, at \$104 per share, plus accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation is entitled to \$100 per share and accrued dividends.

COMPARATIVE BALANCE SHEET

res Corporation

December 31, 1952 and 1951

LIABILITIES

CURRENT LIABILITIES:

	1952	1951
Accounts payable—including merchandise in transit	\$ 3,437,881	\$ 3,882,499
Accrued expenses, taxes, rents, salaries, etc.	3,642,302	3,753,565
Reserve for Federal taxes on income	3,436,577	3,992,114
Less: U. S. Treasury notes	(3,000,000)	(3,000,000)
Total Current Liabilities	<u>\$ 7,516,760</u>	<u>\$ 8,628,178</u>

CAPITAL STOCK AND SURPLUS — Notes B, C and D:

Preferred Stock—par value \$100.00 per share:

Authorized	80,000 shares		
3½% Series—Cumulative Convertible			
Outstanding	59,893 shares	\$ 5,989,300	\$ 5,989,300

Common Stock—par value \$.50 per share:

Authorized	2,800,000 shares		
Issued and outstanding	2,281,017 shares	1,140,508	1,140,508
Capital Surplus		7,723,474	7,723,474
Earned Surplus (since January 1, 1936)		23,163,050	22,896,190
		<u>\$38,016,332</u>	<u>\$37,749,472</u>
		<u>\$45,533,092</u>	<u>\$46,377,650</u>

FINANCIAL STATEMENTS

Note C—

Of the total of 2,800,000 shares of Common Stock authorized 299,465 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

Note D—

Pursuant to certain restrictions in connection with the authorization of the 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1952 in the approximate amount of \$16,000,000 is not available for dividends on the Common Stock.

GENERAL—

At December 31, 1952 the minimum annual rentals upon property leased to the Corporation under 262 leases expiring after December 31, 1955, amount to approximately \$3,500,000, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to final determination of Federal and state taxes.

McCRORY STORES CORPORATION

Statement of Income and Surplus

For the Years Ended December 31, 1952 and 1951

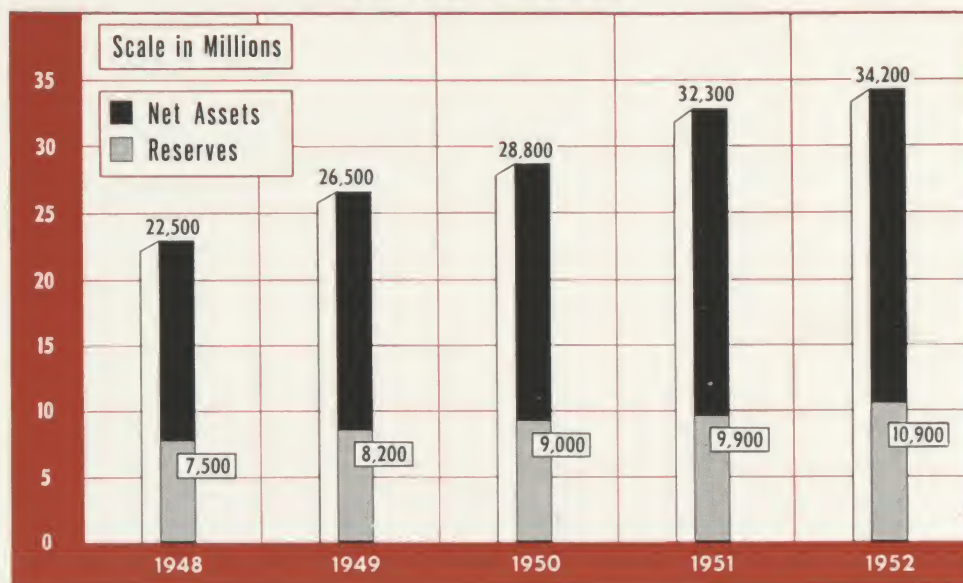
	1952	1951
SALES (merchandise, restaurant and concession)	\$106,987,048	\$104,222,322
COST OF GOODS SOLD AND OPERATING EXPENSES (including occupancy and general and administrative expenses)	99,056,620	95,388,318
	<u>7,930,428</u>	<u>8,834,004</u>
OTHER INCOME:		
Income from sale of store property	3,299	35,486
Miscellaneous income, less other deductions	25,867	212,187
	<u>22,568</u>	<u>247,673</u>
Net income before depreciation, amortization and Federal taxes on income	7,907,860	9,081,677
Depreciation and amortization	<u>1,405,103</u>	<u>1,252,196</u>
Net income before Federal taxes on income	6,502,757	7,829,481
Provision for Federal taxes on income	<u>3,175,000</u>	<u>3,740,000</u>
NET INCOME	3,327,757	4,089,481
EARNED SURPLUS (since January 1, 1936) as at		
December 31, 1951 and 1950	22,896,190	21,867,525
	<u>26,223,947</u>	<u>25,957,006</u>
Dividends paid on:		
Common Stock—\$1.25 per share	2,851,271	2,851,142
Preferred Stock	209,626	209,674
	<u>3,060,897</u>	<u>3,060,816</u>
EARNED SURPLUS (since January 1, 1936) as at		
December 31, 1952 and 1951—Note D	<u>\$ 23,163,050</u>	<u>\$ 22,896,190</u>
CAPITAL SURPLUS as at December 31, 1951 and 1950	\$ 7,723,474	\$ 7,713,041
Excess of par value of 107 shares of 3½% Cumulative Convertible Preferred Stock over par value of 535 shares of Common Stock issued upon conversion	—	10,433
CAPITAL SURPLUS as at December 31, 1952 and 1951	<u>\$ 7,723,474</u>	<u>\$ 7,723,474</u>

Red figures are designated by *italics*.

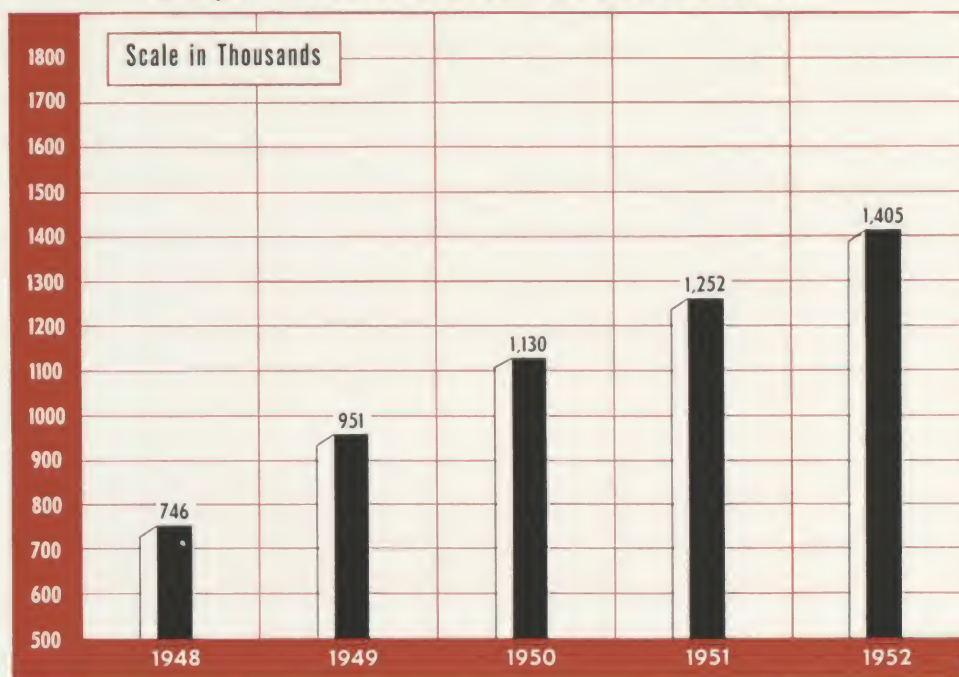
The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

FIXED ASSETS GRAPHS

Fixed Assets



Depreciation and Amortization



McCRORY STORES CORPORATION

Ten Year Summary

(In thousands of dollars)

	1952	1951	1950
SALES	\$106,987	\$104,222	\$98,665
Cost of Sales, including occupancy expenses	73,286	71,011	66,140
Selling, general and administrative expenses	25,771	24,378	22,930
Depreciation and amortization	1,405	1,252	1,130
Other Income, less other deductions	(22)	248	340
NET INCOME Before Federal Taxes	6,503	7,829	8,805
Federal Taxes on Income	3,175	3,740	3,540
NET INCOME	\$ 3,328	\$ 4,089	\$ 5,265
Cash Dividends on Preferred Stock	210	210	210
Cash Dividends on Common Stock	2,851	2,851	3,135
*Net Income per share of Common Stock	1.37	1.70	2.21½
*Cash Dividends per share of Common Stock	1.25	1.25	1.37½
Number of Stores	211	206	205

Financial Position

WORKING CAPITAL	1952	1951	1950
Current Assets			
Cash and U.S. Government Securities	\$ 7,501	\$ 8,778	\$ 8,642
Merchandise Inventories	13,805	13,372	15,678
Miscellaneous Accounts Receivable	36	744	96
Total Current Assets	21,342	22,894	24,416
Current Liabilities	7,517	8,628	8,464
WORKING CAPITAL	13,825	14,266	15,952
OTHER ASSETS			
Deferred Charges, etc.	924	1,097	968
Fixed Assets, Less Reserves for Depreciation and Amortization	23,267	22,387	19,800
	38,016	37,750	36,720
OTHER LIABILITIES			
Long Term Debt	—	—	—
NET ASSETS	\$ 38,016	\$ 37,750	\$36,720
Represented by			
Preferred Stock	\$ 5,990	\$ 5,990	\$ 6,000
Common Stock and Surplus	32,026	31,760	30,720
	\$ 38,016	\$ 37,750	\$36,720
*NET WORTH PER SHARE OF COMMON STOCK	\$ 14.04	\$ 13.92	\$ 13.47

*Number of shares of Common Stock has been adjusted to reflect 2 for 1 split during April 1951.

TEN YEAR SUMMARY

Statement of Income

1949	1948	1947	1946	1945	1944	1943
\$95,767	\$97,588	\$91,225	\$84,509	\$71,282	\$71,324	\$67,351
65,137	66,088	61,336	56,645	48,182	48,433	47,010
22,249	22,139	19,569	16,999	14,060	13,932	13,162
951	746	674	651	667	712	736
156	74	407	324	(91)	(64)	(80)
7,586	8,689	10,053	10,538	8,282	8,183	6,363
2,755	3,200	3,750	4,000	5,910	6,000	4,075
<u>\$ 4,831</u>	<u>\$ 5,489</u>	<u>\$ 6,303</u>	<u>\$ 6,538</u>	<u>\$ 2,372</u>	<u>\$ 2,183</u>	<u>\$ 2,288</u>
210	210	210	205	225	300	300
2,850	3,193	3,022	2,280	995	990	990
2.02½	2.31½	2.67	2.77½	1.00	.95	1.00½
1.25	1.40	1.32½	1.00	.50	.50	.50
201	202	199	199	199	203	201

December 31, 1943—1952

1949	1948	1947	1946	1945	1944	1943
\$10,876	\$12,195	\$15,003	\$15,632	\$14,197	\$13,660	\$10,362
11,407	11,379	11,908	8,271	5,131	5,698	8,137
48	114	190	101	189	45	44
22,331	23,688	27,101	24,004	19,517	19,403	18,543
6,754	6,782	9,098	6,811	7,517	8,012	7,858
15,577	16,906	18,003	17,193	12,000	11,391	10,685
909	1,142	1,133	1,124	809	1,294	924
18,316	14,983	11,809	10,744	10,285	10,850	11,293
34,802	33,031	30,945	29,061	23,094	23,535	22,902
—	—	—	72	—	2,625	2,885
<u>\$34,802</u>	<u>\$33,031</u>	<u>\$30,945</u>	<u>\$28,989</u>	<u>\$23,094</u>	<u>\$20,910</u>	<u>\$20,017</u>
\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
28,802	27,031	24,945	22,989	17,094	14,910	14,017
<u>\$34,802</u>	<u>\$33,031</u>	<u>\$30,945</u>	<u>\$28,989</u>	<u>\$23,094</u>	<u>\$20,910</u>	<u>\$20,017</u>
<u>\$ 12.63</u>	<u>\$ 11.85½</u>	<u>\$ 10.94</u>	<u>\$ 10.08</u>	<u>\$ 8.24</u>	<u>\$ 7.53</u>	<u>\$ 7.07½</u>

211 McCrory Stores

211 McCrory Stores...

Alabama (1)

Eufaula

Arkansas (3)

Eldorado
Fort Smith
Jonesboro

Connecticut (1)

Danbury

Delaware (1)

Dover

Dist. of Col (1)

Washington

Florida (39)

Arcadia
Bartow
Bradenton
Clearwater
Daytona Beach
128 S. Beach St.
814 Main St.
Deland
Fort Lauderdale
Fort Myers
Fort Pierce
Gainesville
Homestead
Jacksonville
†Key West

Fla. (cont.)

Kissimmee
Lake City
Lakeland
Leesburg
Live Oak
Melbourne
Miami
Miami Beach
New Smyrna
Ocala
Orlando
Palatka
Panama City
Plant City
Punta Gorda
Quincy
Sanford
Sarasota
St. Augustine
St. Petersburg
425 Central Ave.
3270 Central Ave.
Tallahassee
Wauchula
West Palm Beach
Winter Haven

Georgia (8)

Atlanta
Bainbridge
Columbus
Cordele
Savannah
Tifton
Valdosta
Waycross

Indiana (3)

Anderson
Indianapolis
Terre Haute

Kentucky (2)

Louisville
Lexington

Louisiana (3)

Lafayette
New Orleans
1626 Dryades St.
1005 Canal St.

Maryland (8)

Baltimore
Cambridge
Crisfield
Cumberland
Easton
Frederick
Hagerstown
Salisbury

Massachusetts (2)

New Bedford
1115 Acushnet Ave.
1009 S. Water St.

Mississippi (3)

Gulfport
Jackson
McComb

Missouri (1)

St. Louis

New Jersey (12)

Asbury Park
Atlantic City
Burlington
Camden
Clifton
Jersey City
Newark
Orange
Passaic
Perth Amboy
Rahway
Union

New York (9)

Bay Shore, L. I.
Brooklyn
†Flushing, L. I.
Johnson City
Long Island City
New York City
Niagara Falls
Rego Park
Syracuse

North Carolina (5)

Dunn
Fayetteville
Fort Bragg
Roanoke Rapids
Tarboro

IN TWENTY-THREE STATES*

... In Twenty-three States*

Ohio (9)

Canton
Cleveland
Dayton
East Liverpool
Hamilton
Kent
Springfield
Steubenville
Youngstown

Pennsylvania (56)

Allentown
Altoona
Barnesboro
Bethlehem
Bradford
Bristol
Brookville
Canonsburg
Carlisle
Carnegie
Chambersburg
Charleroi
Chester
Clearfield
Connellsville
Cresson
Donora
DuBois
Ebensburg
Emporium

Pa. (cont.)

Franklin
Greensburg
Hanover
Homestead
Huntingdon
Indiana
Johnstown
Kane
Lancaster
Lebanon
Lewistown
Monongahela
Mt. Pleasant
Patton
Philadelphia
1205 Market St.
919 Market St.
Philipsburg
Pittsburgh
105 E. Ohio St.
314 Fifth Avenue
Portage
Pottstown
Punxsutawney
Reading
Reynoldsville
Ridgway
Scottdale
Scranton
Somerset
South Fork
Tyrone
Vandergrift
Waynesboro
Waynesburg
Wilkes-Barre
Windber
York

South Carolina (8) Texas (cont.)

Aiken
Chester
Columbia
Gaffney
Georgetown
Greenwood
Newberry
Rock Hill

Taylor
Terrell
Waco
Wichita Falls

Virginia (8)

Arlington
Cape Charles
Charlottesville
Front Royal
Harrisonburg
Pulaski
Staunton
Winchester

Tennessee (5)

Bristol
Kingsport
Morristown
Oak Ridge
Memphis

Texas (14)

Big Spring
Corpus Christi
Denton
Fort Worth
Galveston
Hillsboro
McAllen
Nacogdoches
Palestine
San Antonio

West Virginia (11)

Charleston
Clarksburg
Fairmont
Grafton
Huntington
Mannington
Martinsburg
Morgantown
New Martinsville
Parkersburg
Wheeling

*And the District of Columbia.

†Stores contemplated or under Construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.

McCRORY STORES CORPORATION





